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In the Supreme Court of the United States

No. 542
October Term, 1951

THE CREAMETTE COMPANY,
Petitioner,

vs.

T. A. CONLIN, et al.,
Respondent.

(A). MOTION FOR LEAVE TO FILE PETITION FOR REHEARING

Petitioner respectfully moves for leave to file the annexed Petition for Rehearing of the Order of this Court denying the Petition for Writ of Certiorari in this case, entered on March 3, 1952.

Rehearing is sought at this time because, as is pointed out more fully in the annexed Petition, since the decision in this case by the Court of Appeals for the Fifth Circuit, the Court of Appeals for the Second Circuit filed a decision in *Dad's Rootbeer Co. v. Doc's Beverages, Inc., et al.,* 193 F. (2d) 77, which is in direct conflict with the decision in this case. Still more important, and to show that a new trend has occurred since the decision in this case, a recent decision by the Court of Appeals for the Fifth Circuit in *Bulova Watch Co., Inc. v Steele, et al.,* 194 F. (2d) 567, is also in conflict with the

decision in this case which was originally filed on July 19, 1951.

Both of these Courts in passing down these recent decisions, considered themselves to be pioneering in interpreting the new Trade Mark Act which went into effect on July 5, 1947. The conflict between the decision in this case and the more recent decisions is that originally it was decided that an intrastate infringer of a Federally registered trade mark was not liable under the Trade Mark Laws, but these later decisions have now reversed this position and even extended it to the point where infringement in a foreign country (Mexico) may be enjoined when jurisdiction of the person of the infringer is obtained within the United States.

Because of the new trend which has transpired since the date on which the Fifth Circuit Court of Appeals filed its decision in this case, it is considered that a condition has arisen which should be resolved by this Court.

Although this Petition for Rehearing is filed after the expiration of the time prescribed in Rule 33, the grounds upon which it is based arose after such time; and the Court clearly has power in its discretion to entertain the Petition. *Clark v. Manufacturers Trust Co.*, 338 U. S. 953; *Roberts Sash & Door Co. v. The United States*, 282 U. S. 829.

Counsel for Petitioner.

(B). PETITION FOR REHEARING OF ORDER DENYING PETITION FOR WRIT OF CERTIORARI

Petitioner prays that this Court grant rehearing of its Order of March 3, 1952, denying the Petition for Writ of Certiorari, 72 S. Ct. 560, and that a Writ of Certiorari issue to review the Judgment of the Court of Appeals for the Fifth Circuit in the above titled case as prayed for in the Petition filed January 17, 1952, herein.

REASONS FOR GRANTING REHEARING AND ISSUING THE WRIT

1. At the time that Petitioner presented its original reasons for granting the Writ, the jurisdiction of the Trade Mark Act of July 5, 1946 (Lanham Act), as to intrastate infringement of a Federally registered trade mark had not been decided by any of the Circuit Courts of Appeals although it had been mentioned in connection with a suit for unfair competition in a decision of the Ninth Circuit in *Stauffer v. Exley,* 184 F. (2d) 962, but this was not a well accepted decision and it was critically discussed by reviewers in *64 Harv. L. Rev.,* 1209, and *37 Va. L. Rev.,* 626. Since that time however, a new concept of the Act has come into existence and in *Dad's Rootbeer Co. v. Doc's Beverages, Inc., et al.,* 193 F. (2d) 77, the Circuit Court of Appeals for the Second Circuit, after delving more thoroughly into the aspects and legislative history of the new Law, held that it is indeed applicable to intrastate commerce, but nevertheless it observed "that the extent of Federal power is not yet settled". Before the Lanham Act came into existence it was settled law that Federal remedies for trade mark

infringement applied only when defendant's infringing actions were themselves in *interstate commerce, U. S. Printing & Lithograph Company v. Griggs-Cooper & Company,* 279 U. S. 156, 49 S. Ct. 267. In commenting on the extent of Federal power under the new Act Judge Clark in speaking for the Court took the position that in the light of recent Supreme Court decisions the owner of a Federally registered trade mark whose goods are in interstate commerce would be adversely affected by the infringement of a user whose extent of use was wholly intrastate.

In the present case decided July 19, 1951, the Court of Appeals for the Fifth Circuit held that where the infringement was by sale of a product on the premises in Florida, such sales were not "in commerce" and, therefore, questions of infringement of a registered trade mark were removed from the case. Yet in *Bulova Watch Co. v. Steele, et al.,* 194 F. (2d) 567, decided February 21, 1952, the same Court, with a change of personnel, held that a Federal Court in Texas might enjoin a resident of Texas from using a Federally registered trade mark in Mexico on watches from parts purchased in Switzerland and the United States. In reviewing the decided cases pertaining to Federal jurisdiction, Judge Rives pointed out that as laid down in the celebrated *Trade Mark Cases,* 100 U. S. 82,

> "Property in trade-marks and the right to their exclusive use rest upon the laws of the several states and depend upon them for security and protection; the power of Congress to legislate on the subject being only such as arises from the authority to regulate commerce with foreign nations and among the several states and with the Indian tribes. In re Trade-Mark Cases, 100 U. S. 82, 93, 25 L. Ed. 550."

Turning then to the definition of ommerce" under the Lanham Act, he observed that it 's without limitation, and he further noted that in r nt cases the Supreme Court has held—

> "that an activity which is local its nature may be regulated by Congress if it e cises substantial economic effect on interstate co nerce. It is therefore apparent that purely in state uses may come under the provisions of th ct if they have a substantial economic effect on i rstate, territorial or foreign commerce."

2. While the issues of this case y not assume the political importance which is involv in the Steel Company cases, their economic importa to the manufacturers and distributors of food pro ts are almost impossible to estimate. Foods constit one of the principal items of commerce and the iestment in advertising of all forms to establish b d names extends into billions of dollars, and in fact nstitutes the principal investment of the industry. Ds also constitute the subject matter of the major c gory of Federally registered trade marks, and since t advent of the Lanham Act virtually every importan od trade mark has been brought under the jurisdicti of this Act. Needless to say that this action by virt ly every important manufacturer in conforming with e new law has involved the expenditures of many ions of dollars and was made with the expectation of ining greater benefits.

As the decision of the lower C t in this case now stands, confusion abounds and th dustry is at a loss as to what action can be taken. Si ce to say that as a result of this decision many meet s of industry mem-

bers have occurred to determine what, if anything can be done. As matters now stand and with this decision representing the opinion of at least one Circuit, manufacturers and distributors of nationally branded foods are liable to infringement which is sanctioned by the Courts who have failed to comprehend the intent of Congress with respect to an Act which was under active consideration for eight years before it was finally enacted.

CONCLUSION

For the reasons set forth above and in the Petition for Writ of Certiorari, it is respectfully urged that rehearing be granted and that, upon such rehearing, a Writ of Certiorari issue to the Court of Appeals for the Fifth Circuit.

Respectfully submitted,

BENEDICT DEINARD

Of Counsel,
ARTHUR S. CAINE.

CERTIFICATE OF COUNSEL

I hereby certify that the foregoing Petition for Rehearing is presented in good faith and not for delay and is restricted to the grounds specified in Rule 33 of the Rules of this Court.

BENEDICT DEINARD